



# IN-PLAN 403(b) ROTH CONVERSION FORM

For Current Members Only

## General Member Information

First Name <i>(Please use full legal name)</i>	Middle Name	Last Name
Social Security Number		Date of Birth
Name of Ministry Employer		Employer Phone Number
Employer Address	City	State      Zip

## Conversion Instructions

Please choose which type of MBA 403(b) contribution balance(s) you want to convert to Roth 403(b) account:

Convert all eligible funds *(See Conditions for Eligibility on the next page.)*

**OR**

Convert the following selection(s):

- Eligible Employee Deferrals<sup>1</sup>      *Select One:*  All Eligible Amounts    **OR**     Specific Amount<sup>2</sup>: \$ \_\_\_\_\_
- Employer Contributions<sup>1</sup>      *Select One:*  All Eligible Amounts    **OR**     Specific Amount<sup>2</sup>: \$ \_\_\_\_\_
- Traditional After-Tax<sup>1</sup>      *Select One:*  All Eligible Amounts    **OR**     Specific Amount<sup>2</sup>: \$ \_\_\_\_\_
- Rollover Funds<sup>1</sup>      *Select One:*  All Eligible Amounts    **OR**     Specific Amount<sup>2</sup>: \$ \_\_\_\_\_

<sup>1</sup> Source of funds will include those transferred from another service provider under your employer's plan. These are referred to as "transfer" funds. Example: If you select to convert elective deferrals, this will also convert your "transfer deferrals".

<sup>2</sup> If your balance is less than the amount you have specified above, the whole balance will be converted.

## Member Signature and Certifications

By signing below, I understand the following:

*There is no tax penalty for a Roth 403(b) conversion but it is a taxable event. If I have a tax liability from this conversion it must be funded from assets outside the plan. The conversion is irrevocable and cannot be recharacterized once it is complete. Clergy housing allowance will **not** be applied at the time of conversion. Roth IRA and Roth 403(b) distributions rules are different. Roth 403(b) funds are subject to required minimum distributions. A Roth distribution that qualifies for being tax free is one that is made due to reaching 59 ½, death, disability AND the Roth account has been open for five consecutive tax years. Roth-converted funds will not be eligible for withdrawal until I have a distributable event as outlined in the MBA Plan document. This conversion request applies to current balances and not future contributions. Eligible future contributions may be converted using a separate form.*

### ONLY For Evangelists, Independent Contractor Ministers, and Chaplains

*By initialing here, I am certifying that I am an Assemblies of God credentialed minister who is an independent contractor for ministry purposes, that I am not employed by any ministry, and I qualify to file a Schedule C for my federal income tax on my ministry income OR I am employed by a secular employer for ministry purposes. Initial here: \_\_\_\_\_*

### ONLY for Formerly Credentialed Assemblies of God ("AG") Ministers, Former AG Employees, and AG Ministers Not Currently Employed in Ministry

*By initialing here, I am certifying that I do not currently hold ministerial credentials with the AG and that I am not currently employed with an AG church or ministry, OR that I am a credentialed minister not currently employed in the ministry. Initial here: \_\_\_\_\_*

*I understand that MBA and my employer cannot provide legal advice and I agree to consult with my own tax professional for advice. I also certify that the information contained in this form is true and accurate to the best of my knowledge.*

Printed Name of Member	Signature of Member	Date
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FOR MBA USE ONLY:

MBA Authorized Signature	Date
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Gross Amt	Date	Type	Freq	Tax Code	Initials	Age	Eligibility	Emp Plan
			OT					

## **In-plan 403(b) Roth Conversion Conditions for Eligibility**

1. Your ministry employer's 403(b) written plan must allow for Roth contributions.
  - If your plan does not currently offer Roth contributions, it can be easily amended. Contact MBA for additional information.
  - Participation in the Roth 403(b) by evangelists and chaplains is allowed by MBA's plan document.
  - Retired ministers and non-credentialed former employees may also convert balances to a Roth account with proper certification.
2. Only the original member or spouse beneficiary may convert funds.
3. You may only convert certain balances to a Roth account. (*See information below.*)
4. Only balances that are eligible rollover amounts may be converted (you may not convert required minimum distributions and certain other amounts).

## **Types of Contributions**

### **Employee Elective Deferrals**

Monies deferred from employee's pay

*Roth conversion eligible:* death, disability, age 59 ½, termination of AG credentials, and termination of employment

### **Employer-paid<sup>1</sup>**

Monies contributed by employer (match, discretionary that was not otherwise negotiated by employee)

*Roth conversion eligible:* Age 25 and 100% vested balance

<sup>1</sup>Employer contributions from a transferred 403(b)(7) have the same distribution rules as employee elective deferrals.

### **Rollover**

Monies rolled into MBA from another plan

*Roth conversion eligible:* anytime

### **Traditional After-tax**

Employee-made contributions that have been taxed prior to contribution

*Roth conversion eligible:* anytime

*If you no longer work for an eligible employer, you may be required to close out your account if the balance is under \$1,000.*

### **Amounts converted to a Roth 403(b) in 2010 are included in taxable income in one of two ways:**

1. Half of the taxable amount is included in 2011 gross income and half in 2012 gross income.
2. The full taxable amount is included in 2010 gross income.

The taxable amount converted to a Roth 403(b) in years subsequent to 2010 is included in gross income in the year converted.

You may need to pay estimated taxes on the taxable portion of the converted amount for the year or years it is included in gross income or it may incur an underpayment penalty. Consult your own tax advisor for advice on this and other information regarding the tax effects of converting balances to a Roth 403(b).

# SPECIAL TAX NOTICE

## YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the ASSEMBLIES OF GOD RETIREMENT PLAN (the "Plan") is eligible to be rolled over to an IRA or an employer plan or, in the case of a distribution from the Plan's designated Roth account, to a Roth IRA or a designated Roth account in an employer plan or because you have chosen to roll over some funds that are not from a designated Roth account to a designated Roth account within the Plan (in-plan conversions). This notice is intended to help you decide whether to do such a rollover. The Assemblies of God Ministers Benefit Association (MBA) through its board of directors is the administrator of the Plan. When MBA is referenced below it refers to MBA as the Plan administrator. The Plan is a 403(b)(9) retirement income account under the Internal Revenue Code.

This notice describes the rollover rules that apply to payments from the Plan. The payments may be either from an account which is a designated Roth account (a type of account with special tax rules in some employer plans) or from an account which is not a designated Roth account. When you receive a payment from the Plan MBA will tell you the amount that is being paid from each type of account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

Unless specifically stated at the beginning of a paragraph or in another statement, the information below will apply to payments from both designated Roth accounts and to accounts which are not designated Roth accounts.

*IMPORTANT INFORMATION: When the term "IRA/Roth IRA" is used below, "IRA" relates only to funds which are being distributed from an account which is not a designated Roth account while "Roth IRA" relates only to distributions from designated Roth accounts. Similarly, when the term "employer plan/designated Roth account" is used, "employer plan" relates only to payments which are being distributed from an account which is not designated Roth accounts while "designated Roth account" relates only to payments being distributed from designated Roth accounts.*

## GENERAL INFORMATION ABOUT ROLLOVERS

### How can a rollover affect my taxes?

For distributions which are not from a designated Roth Account. Except to the extent that a distribution contains traditional after-tax contributions (but not the earnings thereon) and except to the extent that clergy housing allowance applies to the distribution, you will be taxed on a payment from the Plan if you do not roll it over. Clergy housing allowance is not available to be declared on funds at the time of rollover in an in-plan conversion.

For distributions which are from a designated Roth Account. After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution or if a clergy housing allowance designation applies to the earnings. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

For distributions which are from a designated Roth Account. If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

For distributions which are from a designated Roth Account. A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59 1/2 (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

If you are under age 59 1/2 and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (earnings only on a designated Roth account which are not a qualified distribution?see above for definition of a qualified distribution) unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 1/2 (or if an exception applies).

### Where may I roll over the payment?

For distributions which are not from a designated Roth account. You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover.

For distributions which are from a designated Roth account. You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and

Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

The rules of the IRA/Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA/Roth IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA/Roth IRA or employer plan.

### **How do I do a rollover?**

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA/Roth IRA or an employer plan/designated Roth account in an employer plan. You should contact the IRA/Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

*For distributions which are not from a designated Roth account.* If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

*For distributions which are from a designated Roth account.* If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution.

In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

*For distributions which are from a designated Roth account.* If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the earnings in your designated Roth account.

*For distributions which are from a designated Roth account.* If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

### **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment

MBA can tell you what portion of a payment is eligible for rollover.

### **If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) which is not from a designated Roth account or on any earnings portion of a payment which is not a qualified distribution (see above for definition) from a designated Roth account that you do not roll over, unless

one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment (earnings only of a designated Roth account) not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

**If I do a rollover to an IRA/Roth IRA, will the 10% additional income tax apply to early distributions from the IRA/Roth IRA?**

If you receive a payment from an IRA/Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions (earnings only on a designated Roth account) from the IRA/Roth IRA, unless an exception applies or if it is a qualified distribution from a designated Roth account. In general, the exceptions to the 10% additional income tax for early distributions from an IRA/Roth IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA/Roth IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA/Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment

compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Will I owe State income taxes?**

This notice does not describe any State or local income tax rules (including withholding rules).

**SPECIAL RULES AND OPTIONS**

**If your payment includes traditional after-tax contributions** (*this entire subsection—down to the next subheading—applies only to payments that are not from a designated Roth account*)

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

**If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee.

For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA/Roth IRA or employer plan/designated Roth account in an employer plan. *Note for loan offsets from a designated Roth account:* Only the account earnings portion of the loan offsets are taxable if the designated Roth account distribution is not a qualified distribution.

### **If you were born on or before January 1, 1936 and you receive a distribution from an employer account or a nonqualified distribution from a designated Roth account**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### **If you do an in-plan conversion (rollover) to a designated Roth account**

*You may rollover funds from an account that is not a designated Roth account to a designated Roth account within the Plan only if you have a distributable event. Certain events qualify employer-contributed funds to be eligible for the in-plan conversion rollover but do not qualify for other types of distribution alternatives (such as a rollover to other plans or a distribution by check) until you have another type of distributable event as defined by the Plan.*

- If the distributee rolls over the payment to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless the distributee takes the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover). For payments from the plan in 2010 that are rolled over to a designated Roth account in the plan (and that are not distributed from that account until after 2011), the taxable amount of the rollover will be taxed half in 2011 and half in 2012, unless the distributee elects to be taxed in 2010.
- If the distributee rolls over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after the distributee attains age 59½ (or after the distributee's death or disability) and after the distributee has had a designated Roth account in the Plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on January 1 of the year the distributee's first contribution was made to the designated Roth account. However, if the distributee

made a direct rollover to a designated Roth account in the plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year the distributee's first contribution was made to the designated Roth account in the plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional tax on early distributions (unless an exception applies).

### **If you roll over your payment to a Roth IRA (this entire subsection—down to the next subheading—applies only to payments that are not from a designated Roth account)**

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You may roll over a payment which is not from a designated Roth account into a designated Roth account within the Plan (an in-plan conversion).

You cannot roll over a payment (which is not from a designated Roth account) from the Plan to a designated Roth account in another employer plan.

## **IF YOU ARE NOT A PLAN PARTICIPANT**

**Payments after death of the participant.** If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

### *For distributions from a designated Roth account.*

Whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA/Roth IRA, you may treat the IRA/Roth IRA as your own or as an inherited IRA/Roth IRA.

An IRA/Roth IRA you treat as your own is treated like any other IRA/Roth IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Required minimum distributions from your IRA do not have to start until after you are age 70½. Roth IRAs that you treat as your own do not have to receive any required minimum distributions during your lifetime. If you treat the IRA/Roth IRA as an inherited IRA/Roth IRA, payments from the IRA/Roth IRA will not be subject to the 10% additional income tax on early distributions even if the Roth IRA payment is a nonqualified distribution. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA/Roth IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA/Roth IRA until the year the participant would have been age 70½. Unlike a Roth IRA that you treat as your own, you will have to receive required minimum distributions from an inherited Roth IRA.

### **If you are a surviving beneficiary other than a spouse.**

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA/Roth IRA. Payments from the inherited IRA/Roth IRA will not be subject to the 10% additional income tax on early distributions even if the Roth IRA payment is a nonqualified distribution. You will have to receive required minimum distributions from the inherited IRA/Roth IRA.

**Payments under a qualified domestic relations order.** If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the

same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

## **IF YOU ARE A NONRESIDENT ALIEN**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

## **OTHER SPECIAL RULES**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover. Unless you elect otherwise, a mandatory cash out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by MBA. A mandatory cash out is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces.

For more information, see IRS Publication 3, Armed Forces' Tax Guide.

## **FOR MORE INFORMATION**

You may wish to consult with MBA, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.